

MO170049

cc: Susan



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Richfield Field Office, Henry Mountains Field Station

150 East 900 North

Richfield, Utah 84701

In Reply Refer To:

3809

UTU-80023

(UT-050)

September 4, 2007

Paul Baker

Utah Division of Oil, Gas, & Mining

1594 West North Temple, Suite 1210

Salt Lake City, UT 84114-5801

Dear Mr. Baker:

As you are aware, Denison Mines (USA) Corporation (Denison Mines) submitted a Plan of Operations to the Bureau of Land Management (BLM) and requested authorization to reopen the Tony M Mine, which is located in Shootaring Canyon near Ticaboo, Utah. The proposed mining operations will be located on State and public lands that were previously disturbed by past mining activities. It is our understanding the Utah Division of Oil, Gas, & Mining (UDOGM) has already approved the Notice of Intent to Commence Large Mining Operations for the Tony M Mine, which was submitted to UDOGM by Denison Mines.

For your information, I have enclosed copies of the Finding of No Significant Impact (FONSI) and the Decision Record for the environmental assessment (EA) that was prepared for the project. Also, enclosed is the decision approving the Plan of Operations submitted to the BLM by Denison Mines. We have also enclosed 2 compact discs (CDs) which contain the Final EA and Final Plan of Operations.

If you have questions or need further information, please contact Buzz Rakow at 435-542-3461 or contact me at 435-896-1564.

Sincerely,

Gary L. Hall

Assistant Field Manager

Enclosures

EA FONSI/Decision Record

Decision for Final Plan of Operations

Final EA for Tony M Mine (1 CD)

Final Plan of Operations for Tony M Mine (1CD)

070014

RECEIVED

SEP 10 2007

DIV. OF OIL, GAS & MINING

**FINDING OF NO SIGNIFICANT IMPACT
AND
DECISION RECORD**

*Tony M Mine Environmental Assessment
EA-UT-050-07-032
UTU-80023*

FINDING OF NO SIGNIFICANT IMPACT (FONSI): Based on the analysis of potential environmental impacts contained in the above referenced environmental assessment (EA), and considering the significance criteria in 40 CFR 1508.27, I have determined that the Proposed Action will not have a significant effect on the human environment and an environmental impact statement is therefore not required.

DECISION: It is my decision to approve the Proposed Action which is to reopen the Tony M Mine and commence mining operations according to the Final Plan of Operations (FPOO) dated August 27, 2007 and all associated permits and approvals required from various other Federal, State, and local entities. These permits and approvals are included as attachments to the Final EA and the FPOO. The FPOO contains a request for occupancy in accordance with the regulations of 43 CFR Subpart 3715. It has been determined that the occupancy is reasonably incident to the mining activity proposed in the FPOO and conforms to the provisions of §§ 3715.2, 3715.2-1 and 3715.5. A decision will be issued approving the FPOO, including the occupancy, subject to certain Conditions of Approval. That decision will include provisions for filing an appeal.

As detailed in the FPOO, the project will involve reopening of the Tony M Mine in a phased approach. Phase 1 is outlined in the FPOO and this is what will be approved. Phases 2 and 3 consist of developing the full northern extent of the uranium ore deposit, which will require construction of production shafts and additional roads and surface facilities. These phases will require amendments to the FPOO and these subsequent amends will require appropriate environmental assessment as part of the process to analyze the amendments and make a final determination about whether they will be approved or denied.

Comments on the subject environmental assessment were received from the public. These comments were carefully analyzed and a response was formulated and can be found in Appendix B of the Final Environmental Assessment. Some of the comments involved issues that were beyond the scope of the subject environmental assessment. It was determined that the Final Environmental Assessment and associated FPOO adequately addressed the other comments.

RATIONALE: The decision is in conformance with the Henry Mountain Management Framework Plan (MFP), which identifies uranium mining as one of the acceptable land uses in the area where the Tony M Mine is located.

The Tony M Mine Phase 1 project area includes approximately 47.79 acres, of which, approximately 47.17 acres have been previously disturbed by past mining activities. Therefore, only a minimal amount of surface disturbance, on previously undisturbed land, is involved.

The operator (Denison Mines (USA) Corporation) has received required permits/authorizations from appropriate Federal, State, and local entities. The impacts that are anticipated to occur from mining activities outlined in the FPOO have been mitigated by required measures in the plan itself and the associated permits and authorizations from these Federal, State and local entities. In additional, the approval decision for the FPOO will contain Conditions of Approval which will further help to mitigate anticipated impacts and reiterate the requirement to comply with

applicable regulations. As a result, no significant impacts to the human environment are anticipated.

An acceptable financial guarantee has been posted to insure completion of rehabilitation as outlined in the FPOO.

The FPOO (Proposed Action) provides information to support that the occupancy outlined in the plan is reasonably incident to the mining activities. The mining activities outlined in the plan constitute substantially regular work; can be reasonably calculated to lead to the extraction and beneficiation of minerals; involve observable on-the-ground activity that BLM may verify; and involve use of appropriate equipment that is operable, subject to the need for reasonable assembly, maintenance, repair, or fabrication of replacement parts. The maintenance shop and warehouse occupancy is specifically intended to provide for maintenance and repair of mining equipment. The signing, gates, and fencing outlined in the FPOO under the Proposed Occupancy section, are designed to protect minerals, equipment and facilities from theft or vandalism and are also designed to protect the public from mining activities and associated equipment engaged in these mining activities.

In order to prevent unnecessary and undue degradation the operator must comply with the applicable performance standards as outlined in 43 CFR § 3809.420; the terms and conditions of the FPOO; and other Federal and State laws related to environmental protection and protection of cultural resources. The mining operations as outlined in the FPOO must be reasonably incident to prospecting, mining, or processing operations and uses defined in 43 CFR § 3715.0-5. The FPOO incorporates the applicable performance standards and the occupancy outlined in this plan is reasonably incident. It will be reiterated in the decision approving the FPOO that the operator must comply with 43 CFR § 3809.420; the approved plan of operations and 43 CFR § 3715.0-5. Therefore, it is anticipated that approval of the FPOO will not result in unnecessary and undue degradation.

The No Action alternative was not selected because it would not meet the purposed and need of the project.

Gary L. Hall
Authorized Officer

9/4/07
Date

**United States Department of the Interior
Bureau of Land Management**

Henry Mountain Field Station, Richfield Field Office
150 East 900 North, Richfield, UT 84701
Phone: (435) 896-1500, Fax: (435) 896-1550

September 4, 2007

CERTIFIED MAIL NO. 7002 2410 0006 7458 6767
Return Receipt Requested

Mr. Harold Roberts
Denison Mines (USA) Corp.
1050 17th Street, Suite 950
Denver, CO 80265

**PLAN OF OPERATIONS APPROVED – CONDITIONS OF APPROVAL REQUIRED
DETERMINATION OF CONCURRENCE WITH OCCUPANCY
FINANCIAL GUARANTEE REQUIRED**

Denison Mines (USA) Corp. (Denison) plans to reopen the Tony M Mine, an underground uranium mine that was previously operated by Plateau Resources. The Final Plan of Operations (FPOO) dated August 27, 2007, addresses proposed Phase 1 activities including rehabilitation of the existing mine workings, extension of the underground declines and laterals further to the north, reestablishment of the mine ventilation and dewatering systems, and construction of mine buildings and related surface facilities. These proposed activities, with few exceptions, are limited to those surface areas that were previously disturbed and reclaimed by the former operator. Phase 1 is expected to start in the third quarter of 2007 and extend over a 2- to 3-year period. Denison has also received or is in the process of obtaining required permits and authorizations from other Federal, State and local entities. Subsequent operations under Phases 2 and 3 will require an amendment to the FPOO and appropriate, additional environmental assessment to evaluate the impacts of the proposed amendments.

The FPOO for the Tony M Mine, Garfield County, Utah, is hereby approved subject to the Conditions of Approval listed below.

Approval of the FPOO by BLM does not constitute a determination regarding the validity or ownership of any unpatented mining claims involved in the mining operation. Denison is responsible for obtaining any use right or local, State or Federal permits, licenses or reviews that may be required for the subject mining operation.

The occupancy as outlined in the FPOO has been reviewed and a determination made that this occupancy is reasonably incident and meets the requirements of 43 CFR §§3715.2, 3715.2-1 and 3715.5. The BLM concurs with the occupancy outlined in the FPOO.

Denison Mines must conduct operations as described in the FPOO dated August 27, 2007 and in accordance with the following Conditions of Approval (COA):

Conditions of Approval:

1. Must continue to comply with the regulations at 43 CFR §§3715.2, 3715.2-1 and 3715.5 for the duration of your occupancy.

This COA is required by 43 CFR § 3715.3-5(a).

2. In order to prevent unnecessary and undue degradation must comply with the applicable performance standards listed in 43 CFR § 3809.420; the FPOO dated August 27, 2007; and other Federal, State, and local laws, regulations, and ordinances related to environmental protection and protection of cultural resources.

This COA is necessary to prevent unnecessary and undue degradation in accordance with regulations at 43 CFR §3809.

3. Any changes to the FPOO dated August 27, 2007 must be approved by the BLM prior to implementing such changes.

This COA is necessary to prevent unnecessary and undue degradation and insure that the FPOO is complied with and proposed changes are approved by BLM prior to implementation.

4. During the construction/reconstruction of the evaporation pond and associated dam, in addition to wetting the clay liner, measures will be taken to prevent and control dust which is created when such activities are occurring. These measures will include, but not be limited to, spraying areas being disturbed by construction/reconstruction activities with water, in order to eliminate or control dust.

This COA is needed to improve control of dust borne substances and increase worker protection from potential dust hazards.

5. The fence constructed around the evaporation pond must be designed to exclude unauthorized personnel, livestock and wildlife. This fence will be routinely checked and repairs will be promptly made, as necessary, to ensure that this objective is achieved.

This COA is needed to improve required restrictions to the water contained in the evaporation pond.

6. Prior to construction and installation of improvements, will obtain and comply with the terms and conditions of all necessary permits including those from Utah Division of Oil, Gas and Mining (UDOGM), Utah Department of Environmental Quality (UDEQ), and Garfield County.

The COA is required in order to prevent unnecessary and undue degradation.

7. Must protect and preserve all government survey monuments that may be present in the area where mining activities occur.

This COA is needed to reiterate the requirements of the regulations and to protect existing survey monuments that may be present in the area where mining operations occur.

8. Any cultural, historic, and/or paleontological resources discovered during mining operation shall be immediately reported to the BLM. All operations in the immediate area of such discovery shall be suspended until written authorization to proceed is issued by the BLM.

The COA is needed to protect the above named resources which may unexpectedly be discovered and to comply with existing law and regulations.

9. Agrees to indemnify and hold harmless the United States from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of the Operator or Operator's agents and employees, or contractors to comply with the approved Plan of Operations.

This COA is needed to protect the United States from potential liability claims.

10. In the event of suspension of mining activities, or at other times when the evaporation pond no longer contains standing water and sediments in the pond become susceptible to wind erosion, samples of the sediment will be taken from the evaporation pond and analyzed for metals and radionuclides. If sample analyses indicates that concentrations of these constituents is greater than the concentrations in the existing sediments in the evaporation pond, Denison will develop a plan to mitigate potential impacts in cooperation with the BLM and other appropriate state agencies.

This COA is needed to improve the control of potential dust borne substances in order to improve human health and safety in the area of mining operations.

Financial Guarantee:

In accordance with the regulations of 43 CFR § 3908.203(d) the financial guarantee for the Tony M Mine is held jointly by the State of Utah, Division of Oil, Gas, and Mining and the Bureau of Land Management (BLM). The required amount of the financial guarantee has been calculated based on the completion of both Federal and State reclamation requirements. The reclamation surety bond number 99724, by National Union Fire Insurance Company of Pittsburgh, PA, has been issued, is acceptable, and has been submitted to both the State of Utah and the BLM. BLM must concur in the approval, release, or forfeiture of the financial guarantee for public lands.

Appeal of the Decision:

If you do not agree and are adversely affected by this decision, you may request that the Utah BLM State Director review this decision. If you request a State Director Review, the request must be received in the Utah BLM State Office at 440 West 200 South, Suite 500, Salt Lake City, Utah, 84145-0155, no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a Stay is granted by the State Director. If you request a Stay, you have the burden of proof to demonstrate that a Stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the Utah BLM State Office to determine when BLM received the request for State Director Review. You have 30 days from the end of the 21 day period in which to file your Notice of Appeal with this office at 150 East 900 North, Richfield, UT 84701 which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA accordance with the regulations at 43 CFR 3809.801(a)(1). Your Notice of Appeal must be filed in this office at 150 East 900 North, Richfield, UT 84701 within 30 days from receipt of this decision. As the appellant you have the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by IBLA, the petition for a stay must accompany your Notice of Appeal. Copies of the Notice of Appeal and petition for a stay must also be submitted to each party named in the decision and to the Office of the Field Solicitor, US Department of the Interior, 6201 Federal Building, 125 South State Street, Salt Lake City, Utah, 84138-1180, at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted based on the standards listed below.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

1. The relative harm to parties if the stay is granted or denied,
2. The likelihood of the appellant's success on the merits,
3. The likelihood of immediate and irreparable harm if the stay is not granted, and
4. Whether the public interest favors granting the stay.

Approved:

Gary L. Hall
Gary L. Hall
Assistant Field Manager

9/4/07
Date